DIKGATLONG MUNICIPALITY

Annexure 15.3

ANNUAL FINANCIAL STATEMENTS 2008/09

THE MUNICIPALITY OF

DIKGATLONG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Audited by Auditor General: Audit Report - 01 February 2010

DIKGATLONG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

CONTENTS

		Page
1	GENERAL INFORMATION	1
2	MAYOR'S FOREWORD	2
3	MUNICIPAL MANAGERS OVERVIEW	3
4	CHIEF FINANCIAL OFFICER'S REPORT	4 - 7
5	ACCOUNTING POLICIES	8 - 10
6	BALANCE SHEET	11
7	INCOME STATEMENT	12
8	CASH FLOW STATEMENT	13
9	NOTES TO THE FINANCIAL STATEMENTS	14 - 20
10	APPENDICES	
	A STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS	21
	B EXTERNAL LOANS AND INTERNAL ADVANCES	22
	C ANALYSIS OF FIXED ASSETS	23
	D ANALYSIS OF OPERATING INCOME AND EXPENDITURE	24
	E DETAILED INCOME STATEMENT	25

DIKGATLONG MUNICIPALITY
GENERAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

MEMBERS OF THE COUNCIL:

Louw M.R.	*Female*	Mayor
Khoboko T.I.	*Male*	
Jammer P.N.	*Male*	
Swarts M.F.	*Male*	
Mweninjawa J.	*Male*	
Molete N.G.	*Female*	
Gopane D.R.	*Female*	
Bosman S.I.	*Female*	
Olifant V.	*Male*	
Matlhaba K.J.	*Male*	
Jacobs M.N	*Male*	
Madiata Uhumbua L.A.	*Female*	
Papers D.P.	*Female*	

ACCOUNTING OFFICER:

Eilerd J. *Male*

CHIEF FINANCIAL OFFICER:

Maree J.J. *Male*

GRADING OF LOCAL AUTHORITY:

Grade ***2*** Category ***B***

AUDITOR:

The Auditor-General: Northern Cape

BANKERS:

First National Bank Ltd - Barkly West Branch

REGISTERED OFFICE:

Dikgatlong Municipality
Campbell Street
Barkly West
8375

The annual financial statements set out on pages 9 to 25 were approved by the Municipal Manager on 31 August 2009.

MUNICIPAL MANAGER 31 August 2009
Member of IMFO **Date**

CHIEF FINANCIAL OFFICER 31 August 2009
Member of IMFO **Date**
Member of South African Institute of Professional Accountants

DIKGATLONG MUNICIPALITY

Kantoor van die
Munisipale Bestuurder
Office of the Municipal Manager

Alle Korrespondensie moet aan die
Munisipale Bestuurder gerig word.
All Communication to be addressed to the Municipal Manager

Privaatsak X5
Private Bag
Campbellstraat / *Street*
Barkly-Wes
Barkly West
8375

Tel: 053 531 0671
Faks / *Fax*: 053 531 0624
E-mail: dikgatlong@lantic.net

FOREWORD BY THE MAYOR

ANNUAL FINANCIAL STATEMENTS

As we present these financial statements we are cognisant of the fact that there are still areas to be attended to from the previous year.

Due to the skills shortages and capacity in the finance department, certain difficulties are still being experienced. The difficulty of attracting a qualified accountant contributes to the challenges in the finance department. Council has taken a resolution to appoint two trainee accountants and the MSIG grant will be used to train the accountants. Council wants to applaud the Municipal Manager and his personnel for their dedication and positive contribution to better the finances of the municipality.

We are grateful to the Frances Baard District Municipality in assisting the municipality with the internal audit function.

On behalf of council, we are convinced that our systems are improving and challenges experienced will be addressed by taking the necessary actions.

We are sure that with the skills transfer support we are receiving from Department of Housing and Local Government and Treasury Department Accounts in assisting with the preparation of financial accounts of the municipality.

Yours faithfully

.....
MARTHA LOUW
HON MAYOR

MUNICIPAL MANAGER'S OVERVIEW

Vision: *The Cradle for the New Generation.*

Mission: *To be a democratic, accountable and transport local government by providing sustainable, affordable and economic viable services to promote social and economic development and a safe and healthy environment for the community.*

Dikgatlong Municipality is a category B Municipality (Plenary with Wards). The council consists of 13 Councillors (7 Ward and 6 PR) of whom only the Mayor is a full-time Councillor. The Administrative structures of the municipality are:-

- ✓ Corporate Services
- ✓ Technical Services
- ✓ Financial Services

The Council operates with a committee system and the committees are:-

- Transformation Steering Committee
- Administration Committee
- Technical Committee
- Financial Committee

In general the Administration of the municipality is operating at an acceptable level, but there are factors that are seriously hampering service delivery, such as:-

- Shortage of staff
- Difficulty to attract and retained skilled and experienced staff
- Lack of funds for proper operation and maintenance
- Aged Infrastructure, Fleet Management and other equipment
- High unemployment rate in the area
- Financial constrains that make the upgrading of the existing services and infrastructure as well as extension of service difficult.
- Incorrect allocation of Equitable Share – Incorrect base is used.

Although the municipality has performed well and has achieved a lot, everything possible must be done to ensure that the municipality will become more economical viable and that service delivery improve to the benefit of the community.

J. EILERD
MUNICIPAL MANAGER

31/08/2009

Date

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

1. OPERATING RESULTS

Details of the operating result per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2009 are as follows:

	Actual 2009 R	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income & Expenditure					
Acc. surplus/(deficit) beginning of year	(26 838 095)	(18 577 657)			
Operating income for the year	46 357 483	42 635 473	8.73%	48 224 317	-3.87%
Operating Expenditure	(47 447 204)	(50 895 911)	-6.78%	(49 212 755)	-3.59%
Appropriations	(814 586)	-			
Acc. surplus/(deficit) end of year	(28 742 402)	(26 838 095)			

1.1 Rate and General Services

	Actual 2009 R	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income	34 274 005	29 118 440	17.71%	21 072 619	62.65%
Expenditure	30 785 346	33 682 248	8.60%	21 747 161	-41.56%
Surplus/(deficit)	3 488 659	(4 563 808)		(674 542)	
Surplus/(deficit) as % of income	10.18%	-15.67%		-3.20%	

1.2 Subsidized Services - Library

	Actual 2009 R	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income	10 363	98 564	-89.49%	13 550	-23.52%
Expenditure	950 728	653 385	-45.51%	1 104 771	13.94%
Surplus/(deficit)	(940 366)	(554 821)		(1 091 221)	
Surplus/(deficit) as % of income	-9074.46%	-562.90%		-8053.41%	

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT (Continue)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

1.3 Economic Services - Sanitation & Refuse Removal

	Actual 2009	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income	5 665 404	3 681 990	53.87%	5 590 000	1.35%
Expenditure	4 666 735	4 224 892	-10.46%	5 365 194	13.02%
Surplus/(deficit)	998 670	(542 902)		224 806	
Surplus/(deficit) as % of income	17.63%	-14.74%		4.02%	

1.4 Housing Services

	Actual 2009	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income	360 802	79 532	353.66%	50 160	619.30%
Expenditure	294 546	264 844	-11.21%	392 611	24.98%
Surplus/(deficit)	66 256	(185 312)		(342 451)	
Surplus/(deficit) as % of income	18.36%	-233.00%		-682.72%	

1.5 Trading Services

The following is a summary of the operating results of the Municipality's Trading Services.

Electricity Services

	Actual 2009 R	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income	6 190 955	6 002 703	3.14%	12 849 458	-51.82%
Expenditure	9 095 392	7 300 975	24.58%	12 857 601	29.26%
Surplus/(deficit)	(2 904 437)	(1 298 272)		(8 143)	
Surplus/(deficit) as % of income	-46.91%	-21.63%		-0.06%	

Water Services

	Actual 2009 R	Actual 2008 R	Variance %	Budget 2009 R	Variance Actual/ budget %
Income	5 531 721	6 089 445	-9.16%	8 648 531	-36.04%
Expenditure	7 271 921	10 013 837	27.38%	7 745 418	-6.11%
Surplus/(deficit)	(1 740 200)	(3 924 393)		903 114	-292.69%
Surplus/(deficit) as % of income	-31.46%	-64.45%		10.44%	

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT (Continue)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure consists of the following:

	2008/09 ACTUAL	2008/09 BUDGET	2007/08 ACTUAL
	R	R	R
Administration & IT	54 953	36 000	200 459
Furniture & Equipment	0	-	1 789
Machinery & Equipment	89 750	36 000	64 275
Council General expenses	-	-	57 614
Community Facilities	1 053 330	-	-
Vehicles	(0)	-	1 537 747
Buildings	435 730	224 000	496 388
Streets & Storm water	5 189 895	2 644 000	4 533 816
Cemetery	346 924	-	84 987
Sanitation and Sewerage	3 942 462	3 231 101	8 123 999
Electricity	2 701 785	3 795 000	4 796 296
Water	1 200 711	2 148 500	384 404
	15 015 540	12 114 601	20 281 774

3. Resources used to finance the fixed assets were as follows:

	2008/09 ACTUAL	2008/09 BUDGET	2007/08 ACTUAL
	R	R	R
Contribution from operating income	-	-	0
Loans Redeemed	-	-	-
Grants and subsidies	14 458 338	-	16 831 945
	14 458 338	-	16 831 945

4. EXTERNAL LOANS, INVESTMENT AND CASH

Investments and cash on 30 June 2009 amounted to: 3 367 911
(Previous year R 2,808,040)

More information regarding investments are disclosed in note 7 to the financial statements.

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT (Continue)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

5. FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves and trust funds are given in appendix A.

A Contribution, as prescribe by Municipal Ordinance No. 20 of 1974, at a rate of seven and one-half per cent of the product of the general rate referred to in section 82(1)(a) which was levied in respect of the financial year immediately preceding the financial year for which such contribution is required, was made.

During the year under review reserves not cash funded and other unknown and not reconcilable amounts were written-off and disclosed as appropriations for the year in the income statement.

Provision for bad debt was made as follows:

Old capitalized debt written of:		-
Municipal Debt	100%	111 314
Current	0%	-
30 days	5%	83 951
60 Days	10%	145 138
90 days	25%	355 684
120 days and longer	60%	27 160 701
		27 856 788

The basis of provision for bad debt was approved on the 24th August 2007 (Resolution 2007/08/2S).

6. APPRECIATION

I would like to thank the Mayor, Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year.

A special word of thanks to the personnel of the Finance Department for their support in preparing the financial accounts of our municipality.

J.J. MAREE
CHIEF FINANCIAL OFFICER
(B Compt Hons)
(Member of IMFO)
(Member of South African Institute of Professional Accountants)

31 August 2009
DATE

DIKGATLONG MUNICIPALITY
ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

1. Basis of presentation

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).

1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets are more fully detailed in Accounting Policy, note 3.

1.3 The financial statements are prepared on the accrual basis:
- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licenses.
- Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

3. Fixed assets

3.1 Fixed assets are stated:
- at historical cost; or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life.

3.2 Depreciation:
No provision is made for depreciation.
- Appropriations from operating income, where the full cost of the assets forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts account.

3.3 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances.

4. Leases

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged the operating account in a systematic related to the use of the assets concerned.

DIKGATLONG MUNICIPALITY
ACCOUNTING POLICIES - (Continue)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

4. Inventory

Inventory (stores and materials) is valued at the lower of cost, determined on the weighted average basis, and net realisable value. However stock is only kept in exceptional instances.

5. Funds and reserves

5.1 *Revolving Fund*

An amount equal to 7.5% of Property rates is contributed to the fund.

6. Retirement benefits

The Municipality and its employees contribute to various funds, which provide retirement benefits to such employees, a choice can be made to contribute towards a provident fund or a Pension Fund.

7. Surpluses and deficits

Any surplus or deficits arising from the electricity and water services are utilized to subsidised Rate and General Services to alleviate the tax burden of rate payers.

8. Investments

Investments are shown at original value and are invested per approved list of financial institutions issued by the Provincial Administration, Community Development Branch.

Investments were made according to the stipulations of the Second Amendment on the Local Government Transition Act, Act 97 of 1996.

9. Income recognition

9.1 *Electricity and water billings*

All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

9.2 *Assessment rates*

The Municipality applies a differential rating system. In terms of this system assessment rates are levied on land and building value of property. Certain rebates are granted according to the use to which a particular property is put.

9.3 *Traffic Fines and Licenses*

Income is accrued as and when received.

DIKGATLONG MUNICIPALITY
ACCOUNTING POLICIES - (Continue)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

10. Provision for Bad Debts

10.1 It is the policy of this Council that as long as a debtor had not absconded, the debt is assumed to be recoverable. The mere fact that a debtor does not pay for municipal services , for what ever reason, does not mean a bad debt exist and all debts are assumed to be recoverable.

10.2 The Chief Financial Officer has formally laid down procedures that are followed in an attempt to recover debts and it is only when a debt is proven to be unrecoverable that it is written off and consequently forms a charge against the operating account.

10.3 The provision of bad debt is made on the following basis:

a) All outstanding accounts, regarding Municipal Infra Structures, Offices & Buildings must written-off

b) The following percentages:

Current	0
30 days	5%
60 Days	10%
90 days	25%
120 days and longer	60%

DIKGATLONG MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2009

	Notes	2009 R	2008 R
CAPITAL EMPLOYED			
		7 907 614	7 632 986
Statutory funds	1	7 907 614	7 632 986
Reserves	2	-	-
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)	16	(27 113 231)	(26 838 095)
		(19 205 617)	(19 205 109)
TRUST FUNDS AND PROVISIONS	3	3 499 644	1 429 438
LONG-TERM LIABILITIES	4	3 300 611	3 380 533
CONSUMER DEPOSITS: SERVICES	5	242 270	242 527
		(12 163 092)	(14 152 611)
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	6 023 811	5 466 609
INVESTMENTS	7	1 182 034	652 158
		7 205 845	6 118 767
NET CURRENT ASSETS / LIABILITIES		(19 368 937)	(20 271 378)
CURRENT ASSETS		26 065 651	20 772 912
Stock (Inventory)	8	-	-
Debtors	9	23 879 774	18 617 030
Cash in bank and on hand		-	-
Short term investment	7	2 185 877	2 155 882
Short-term portion of long-term debtors		-	-
CURRENT LIABILITIES		(45 434 588)	(41 044 290)
Bank overdraft	17	4 456 681	2 613 636
Provisions	10	682 467	558 067
Creditors	11	40 295 440	37 872 587
Loans: short-term portion of long-term liabilities			
		(12 163 092)	(14 152 611)

DIKGATLONG MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2007/08 Actual Income R	2007/08 Actual Expenditure R	2007/08 Surplus/ (deficit) R		2008/09 Actual Income	2008/09 Actual Expenditure	2008/09 Surplus/ (deficit)	2008/09 Budget Surplus (deficit)
29 118 440	33 682 248	(4 563 808)	**RATE AND GENERAL SERVICES**	34 274 005	30 785 346	3 488 659	(1 759 871)
24 404 222	29 150 627	(4 746 405)	Community services	28 598 238	25 167 883	3 430 355	(1 457 102)
12 168	561 755	(549 587)	Subsidised services	10 363	950 728	(940 366)	(988 642)
4 702 050	3 969 866	732 184	Economic services	5 665 404	4 666 735	998 670	685 873
216 650	281 570	(64 920)	**HOUSING SERVICES**	360 802	294 546	66 256	(90 453)
13 300 383	16 932 093	(3 631 710)	**TRADING SERVICES**	11 722 676	16 367 313	(4 644 636)	(2 912 048)
42 635 473	50 895 911	(8 260 438)	**TOTAL**	46 357 483	47 447 204	(1 089 721)	(4 762 372)
		0	Appropriations for the year (Refer to note 16)			814 586	
		(8 260 438)	**Net surplus / (deficit) for the year**			**(275 135)**	
		(18 577 657)	Accumulated surplus / (Accumulated deficit) beginning of the year			(26 838 096)	
		(26 838 095)	**ACCUMULATED SURPLUS (ACCUMULATED DEFICIT) AT END OF THE YEAR**			(27 113 231)	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH RETAINED FROM OPERATING ACTIVITIES		18 920 264	20 372 480
Cash generated by operations	18	25 586 040	13 660 272
Investment income	15	(2 667 426)	(1 855 851)
(Increase) / decrease in working capital	19	(2 839 891)	9 045 716
		20 078 723	20 850 137
Less: External interest paid	15	(1 158 458)	(477 657)
Cash available from operations		18 920 264	20 372 480
Cash contributions from the public and State		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed Assets		(15 015 540)	(20 281 775)
Increase / (decrease) in Consumer deposits		(257)	10 998
(Increase) / decrease in LT Debtors		-	-
NET CASH FLOW		3 904 467	101 703
CASH EFFECTS OF FINANCIAL ACTIVITIES			
Increase / (decrease) in long-term loans	20	(2 319 005)	910 897
(Increase) / decrease in cash investments	21	(559 871)	-
(Increase)/decrease in Cash	22	1 843 045	505 542
NET CASH (GENERATED) / UTILISED		(1 035 831)	1 182 971

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 - Continued

	2009 R	2008 R
6. FIXED ASSETS		
Fixed assets at the beginning of the year	140 220 739	119 964 044
Capital expenditure during the year	15 015 540	20 281 775
Account adjustments due to computer error	-	-
Less: Assets written off, transferred or disposed during the year	-	(25 080)
	-	-
Total fixed assets	155 236 279	140 220 739
Less: Loans redeemed and other capital receipts	(149 212 468)	(134 754 130)
Net fixed assets	**6 023 812**	**5 466 609**

(Refer to appendix C and section 2 of the C.F.O.'s report for more detail on the fixed assets)

7. INVESTMENTS & NON-PRIMARY BANK ACCOUNTS		
Shares	14 822	2 158
Long Term deposits	1 167 212	650 000
Long Term Investments	1 182 034	652 158
Short term deposits	2 185 877	2 155 882
	3 367 911	**2 808 040**

Management's valuation of unlisted investment

Circular no. 26 of 1991 issued by the Provincial Legislature requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against investment at a plenary rate to meet commitments.

No investments have been written off during the year

The Long Term investment is a guaranteed endowment policy, with Momentum Life, with the intention of establishing a sinking fund.

An amount, included under Short Term Deposit's, deem as security for the bank Overdraft to the amount of R 1,436,481.

Bank/Institution	Account Number	Account Type	Balance 30/06/2009	Balance 01/07/07
First National - Barkly West	62005171533	Money Market	23 167.88	6 243.86
First National - Barkly West	62020793891	Current Account (Acc Closed)	0.00	0.00
First National - Barkly West	62028861319	Current Account (Acc Closed)	0.00	(4.17)
First National - Barkly West	62032053390	Current Account (Acc Closed)	0.00	66 296.67
First National - Barkly West	62045158433	Current Account	82 405.73	179 536.89
First National - Barkly West	74029331259	32 day Notice	6 003.88	5 553.91
First National - Barkly West	74044313240	Fixed Deposit	810 541.51	740 558.94
First National - Barkly West	74087371453	32 day Notice	1 243 455.16	1 138 161.48
First National - Barkly West	71045321107	Fixed Deposit	2 631.48	2 428.18
Standard Bank - Barkly west	146018273	Savings Account	17 673.38	17 106.34
Suid Wes Koop	-	Unlisted Shares	14 822.39	2 157.87
Momentum	01001710622	Guaranteed Fund	1 167 212.00	650 000.00
			R 3 367 913.41	R 2 808 039.97

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 - Continued

		2009 R	2008 R
8	**INVENTORY**		
	No stock is kept as items are purchased ***as and when needed***.		
9	**DEBTORS**		
	Current debtors (consumers & others)	51 315 879	40 540 405
	Other Debtors (VAT)	29 281	157 844
	Plus: Debtors with credit balances	391 402	626 619
	Sundry Debtors	0	42 752
		51 736 562	41 367 619
	Less: Provision for bad debts	27 856 788	22 750 589
		23 879 774	**18 617 030**
10	**PROVISIONS**		
	Leave Provision	682 467	558 067
		682 467	**558 067**
11	**CREDITORS**		
	Trade Creditors	3 579 181	3 676 047
	DWAF/Sedibeng	28 320 495	24 396 446
	Eskom	1 823 470	720 772
	Debtors with credit balances	391 402	626 619
	Unknown Deposits	993 204	918 041
	VAT on Debtors	3 486 143	6 016 343
	Short-term Portion of Long-term Liabilities	922 486	872 943
	Grants Carried Over	0	0
	Other	779 059	645 377
		40 295 440	**37 872 587**
12	**ASSESSMENT RATES**		
	Valuations: Land	14 436 000	14 436 000
	Valuations: Improvements	127 194 155	127 194 155
	Total valuations	**141 630 155**	**141 630 155**
	Tariffs: Land		
	Tariffs: Improvements	4 303 205	3 661 713
	Total income	**4 303 205**	**3 661 713**
	Less: Discount on state properties	0	0
	Value: Land	0	0
	Value: Improvement	0	0
	Net Income	**4 303 205**	**3 661 713**
13	**REMUNERATION**		
	COUNCILLORS		
	Mayor	323 885	335 506
	Councillors	1 123 139	1 229 854
	Travelling Allowances	527 684	482 955
	Contributions (Pension & Medical)	239 778	200 255
		2 214 485	**2 248 570**

Remuneration are According to the "Remuneration of Public Office Bearers Act – Act no. 20 of 1998".

(**NB**: *Councillors Remuneration form part of Personnel Expenses*)

SECTION 57 MANAGERS (C.T.C.)		
Municipal Manager	704 607	648 809
Technical Manager	634 303	584 072
Chief Financial Officer	634 303	584 072

Remuneration is "cost to employer" and is based on SALGA guidelines published in 2002/03 (adapted as per Bargaining Council/CPIX fluctuations)

(**NB**: *Section 57 Managers Remuneration form part of Personnel Expenses*)

ARREARS COUNCILLORS - CONSUMER ACCOUNTS		
Madiata Uhumbua LA	67 810	50 128

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 - Continued

		2009 R	2008 R
14.	**AUDITORS REMUNERATION**		
	Yearly Audit	615 017	809 650
		615 017	**809 650**
15.	**FINANCIAL TRANSACTIONS**		
	Total external interest earned or paid		
	Interest earned	2 667 426	1 855 851
	Interest paid	(1 158 458)	(477 657)
		1 508 968	**1 378 194**
	Capital charges debited to operating account		
	Interest Paid :External	0	178 262
	:Internal	0	0
	Redemption :External	0	0
	:Internal	0	0
	Deferred cost written off	0	0
		0	**178 262**
16.	**APPROPRIATIONS**		
	Appropriation account		
	Accumulated surplus / deficit at the beginning of the year	(26 838 095)	(18 577 657)
	Balance Adjustment	0	0
	Accumulated surplus / (deficit) for the year	(26 838 095)	(18 577 657)
	Appropriations for the year	(1 089 721)	(8 260 438)
	Prior year adjustments	814 586	0
		814 586	(47 557)
	Accumulated surplus / (deficit) at the end of the year	(27 113 230)	(26 838 095)

17. **Bank Accounts**

a) Bank Overdraft

The approved bank overdraft is R 1,920,000.

The following security is held:

17.1 Sessions on Investment accounts to the amount of R 1,436,481.

17.2 Bond for the amount of R 1,000,000 over sections erven 5 & erven 187 of the Farm Delportshoop (Title deed T3/1949).

b) Bank Balance

Bank/Institution	Account Number	Account Type	Balance 30/06/2009	Balance 30/06/2008
First National - Barkly West - Primary Account	62022642468	Current Account	(4 456 681)	(2 108 094)

c) Bank Guarantees

Bank Guarantees issued to Eskom amount to R 108,840.

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 - Continued

		2009 R	2008 R
18.	**CASH GENERATED BY OPERATIONS**		
	Surplus / (deficit) for the year	(1 089 721)	(8 260 438)
	Adjustments in respect of the previous year's operating transactions		
	Adjustments made to fixed assets (see annex C)	0	0
	Prior year adjustments *(See note 15 for more detail)*	814 586	0
	Appropriations debited to income	5 505 228	7 410 731
	-Contribution to funds	274 628	0
	-Contribution to Fixed Assets	0	0
	-Provisions	5 230 600	7 410 731
	Capital charges	2 058 865	1 497 747
	Interest paid :		
	- to internal funds	0	0
	- to external loans	1 158 458	477 657
	Redemption :		
	- From internal funds	0	0
	- From external loans	900 407	1 020 090
	Fixed assets written off	0	0
	Grants and subsidies received from State	21 193 641	16 791 771
	Non-operating income	(229 133)	(1 923 688)
	Non-operating expenditure	0	0
	Investment income	(2 667 426)	(1 855 851)
	Charged against provisions and reserve	0	0
		25 586 040	13 660 272
19.	**(INCREASE) / DECREASE IN WORKING CAPITAL**		
	(Increase) / decrease in stock	0	0
	(Increase) / decrease in debtors	(5 262 744)	(3 575 545)
	Increase / (decrease) in creditors	2 422 853	12 621 261
		(2 839 891)	9 045 716
20.	**INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)**		
	Loans raised	651 608	3 279 471
	Loans repaid	(900 407)	(1 020 090)
	Trust Funds	(2 070 206)	(1 348 484)
		(2 319 005)	910 897

DIKGATLONG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 - Continued

		2009 R	2008 R
21.	**(INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENT**		
	Investments realised		
	Investments made	(559 871)	(821 024)
		(559 871)	(821 024)
22.	**(INCREASE) / DECREASE IN CASH**		
	Cash balance at the beginning of the year	(2 613 636)	(2 108 094)
	Cash balance at the end of the year	(4 456 681)	(2 613 636)
		1 843 045	**505 542**

23. Purchases without following the Competitive Bidding Process

1. Due to emergency breakdowns and after hour needs, limited suppliers in the Dikgatlong Area the competitive bids and the necessary 2 quotations could not always be obtained.

2. Reoccurring cost like Stationary, Photocopy Paper, Letterheads, Order books, Tones, etc are also limited the municipality to one supplier

24. Commitment and Capital Projects

Capital Projects	Tender Amount	Certified Amount: 30 June 2009	Commitments
Construction of Streets & Storm Water Proteahof *(MIG/NC0059/R,ST/05/06)* *Finance by MIG*	3 494 841.00	2 278 373.51	1 216 467.49
Construction of Water Reticulation Network for 228 Sites - Barkly West *(MIG/NC0272/W/08/10)* *Finance by MIG*	1 267 662.90	0.00	1 267 662.90
Sub Total	4 762 503.90	2 278 373.51	2 484 130.39

Commitments regarding Capital Projects are limited to the allocations as Published in the Division of Revenue Act (DoRA), Frances Baard District Municipality Allocations and other Governmental Grants. No capital projects are funded out off own Municipal Resources.

Other

Lease Commitments - Nashua & Panasonic	165 489.00

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2009 - Continued

25. Unauthorised & Fruitless/Wasteful Expenditure

Interest charged by to DWAF, Vaalharts Water, Sedibeng and Eskom, to the amount of R 657,852, on outstanding accounts can be seen as Fruitless/Wasteful Expenditure - Refer also to note 26.

Expenditure to the amount of R1 099 898 was incurred due to non-compliance with the Supply Chain Management Regulations. Only one quotation was obtained, for some transactions, because of the Rural nature of the municipality and the subsequence limit business in the area. The water and electricity infra structure are also very old with breakages occurring regularly. This breakages result then into a emergency situation that had to dealt with quickly to limit the disruption to service delivery.

One of the seniors managers Section 57 contract was extended by Council. A new contract was not sign as the Council resolution was seen as enough proof as the an paragraph in the contract of employment allow changed to be made with written consent of both parties, council and employee.

Contracts of senior managers state that if "overtime" is work the employer must allowed to manager to take time off within a reasonable certain period. Council decided that if this time off cannot be taken within a reasonable time the "overtime" can be capitalized. The fact that vacancies in senior positions is vacant resulted that when senior managers work "overtime" it are not possible for council to gave them time-off as this will hamper service delivery to the community. The capalized leave days was paid out to employees.

26. Going Concern

The municipality has a cash flow problem and will always have it in the years to come. The payments for services is low and is now even becoming worse with effect of the higher interest rates kicking in. The community is threatened of repossessing, by the business sector, and the community is now desperately paying businesses to keep their belongings. At the end there is no money to pay for the municipal account.

The Equitable share allocation to the municipality is calculated on incorrect population figures. The wrong calculation of the equitable share is the most important factor that the finance and the municipality are in such a bad state. The Equitable Share is calculated on 2001 Census Figures of a population of 35765. This however understated the population by 27493 or 76.87%. A population census done by Urban Dynamics, for 2001, indicates a population of 63258 for the Dikgatlong Municipal Area. National Treasury and Stats SA were contacted but to no avail, they say they can do nothing about it. In the meantime the municipality cannot provide proper services to the community because of lack of funding, which means the community is suffering because of something out of the hands of the municipality.

27. Salaries, Wages & Allowances

Salary & Wages (including Annual Bonuses, Acting Allowances)	9 660 263	8 887 980
Municipal Contributions - UIF, Pension/Provident Funds, Medical Aids & Other	2 943 710	2 546 564
Travel, motor, accommodation subsistence and other allowances	1 037 035	1 001 645
Allowances - Standby, Shift & Telephone	125 988	124 899
Housing Benefits & Allowances	124 568	130 461
Overtime	1 008 076	855 710
Leave Provision	204 108	1 071 589
Performance Bonus	0	0
Long-service Awards	0	0
	15 103 748	14 618 848
Councillors Allowances	1 447 024	1 565 360
Total as per Appendix D	16 550 771	16 184 208

DIKGATLONG MUNICIPALITY
APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS
FOR THE YEAR ENDED 30 JUNE 2009

ACCUMULATED FUNDS	Balance at 2008/07/01 R	Contributions during the year R	Interest on Investments R	Other income R	Write-off/Expenditure during the year R	Balance at 2009/06/30 R
Revolving Fund	7 632 986	274 628				7 907 614
	7 632 986	274 628	-	-	-	7 907 614
RESERVES						
None	-				-	-
	-	-	-	-	-	-
TRUST FUNDS						
Rooikoppie Community Hall	542 386	-	-	600 000	(1 060 549)	81 837
EPWP	492 906	-	-	652 101	(1 339 698)	(194 691)
MSIG	-	-	-	735 000	(735 000)	-
MIG	208 184	-	-	8 906 000	(5 931 531)	3 182 653
FBDM Allocations - O&M	-	-	-	2 247 895	(2 247 895)	-
FBDM Allocations - Capital Proj	-	-	-	3 938 297	(3 938 297)	-
FMG	-	-	-	500 000	(500 000)	-
Upgrade of Elect Network	6 426	-	-	208 385	(214 811)	-
Sundy Grants	-	-	-	247 727	(247 727)	-
Water & Sanitation	-	-	-	-	-	-
Library	179 537	-	14 236	663 750	(427 678)	429 845
	1 429 439	-	14 236	18 699 155	(16 643 186)	3 499 644

DIKGATLONG MUNICIPALITY
APPENDIX B
EXTERNAL LOANS AND INTERNAL ADVANCES
FOR THE YEAR ENDED 30 JUNE 2009

EXTERNAL LOANS

Loan no.	Detail	Approved	Redeemable	Balance at 01/07/08 R	Received during the year R	Redeemed or written off during the year R	Interest charged during the year R	Balance at 30/06/09 R
1	Upgrading of Electricity Network No 1	YES	5 YEARS	563 159	78 049	(259 819)	23 676	405 065
2	Upgrading of Electricity Network No 2	YES	20 YEARS	1 526 433	573 559	(118 549)	93 987	2 075 430
3	Upgrading of Vehicles (Fleet)	YES	5 YEARS	2 163 884	0	(522 039)	100 757	1 742 602
				4 253 476	651 608	(900 407)	218 420	4 223 097

Short Term portion of loan - Payable within 12 months - (term as per contractual agreements) **922 486**

Long term Portion of loan **3 300 611**

Terms of Agreements

1	Upgrading of Electricity Network No 1	*NC 101563.1.2*	- Loan amount is R 1,032,377 and payable in six-monthly instalments - Debtors to the value R600 000 is ceded to the DBSA
2	Upgrading of Electricity Network No 2	*NC 102336.2*	- Loan amount is R 2,100.000 and payable in monthly instalments
3	Upgrading of Vehicles (Fleet)	*NC 102336.1*	- Loan amount is R 2,665,000 and payable in monthly instalments
4	Interest Rate on Loans		- Capital shall bear interest on the outstanding amount at a nominal fixed rate of 5% per annum.

INTERNAL ADVANCES
TO BORROWING SERVICE

	Balance at 01/07/08 R	Received during the year R	Redeemed or Written of during the year R	Interest charged during the year	Balance at 30/06/09 R
Internal Advances	559 219		0		559 219
	559 219	0	0	0	559 219

DIKGATLONG MUNICIPALITY
APPENDIX C
ANALYSIS OF FIXED ASSETS
FOR THE YEAR ENDED 30 JUNE 2009

Expenditure 2008 R		Budget 2009 R	Balance at 01/07/08 R	Expenditure during year R	Account Adjustments R	Written off transferred Redeemed or disposed of during the year R	Balance at 30/06/09 R
15 101 074	**RATES AND GENERAL SERVICE**	6 171 101	92 409 517	11 113 044	-	-	103 522 561
6 892 088	**Community service**	2 940 000	56 950 209	6 823 658	-	-	63 773 867
-	Abattoir		-	-		-	-
200 459	Land		11 315 769	-			11 315 769
1 789	Administration & IT	36 000	1 667 284	54 953		-	1 722 237
64 275	Furniture & Equipment	-	395 082	0			395 082
57 614	Machinery & Equipment	36 000	249 027	89 750			338 777
-	Community Facilities		4 437 815	1 053 330			5 491 145
1 537 747	Council General expenses		4 356 392	0	-		4 356 392
496 388	Vehicles		3 744 672	(0)			3 744 672
4 533 816	Buildings	224 000	13 409 683	435 730			13 845 413
-	Streets & Storm water	2 644 000	17 374 485	5 189 895	-		22 564 380
	Sport & Recreation		-	-	-	-	-
84 987	**Subsidised service**	-	2 763 523	346 924	-	-	3 110 447
-	Parks & Recreation		2 114 980	-			2 114 980
84 987	Cemetery		648 543	346 924			995 467
-	Library		-	-			-
-	Municipal Buildings		-	-			-
-	Other		-	-			-
-	Health		-	-			-
8 123 999	**Economic service**	3 231 101	32 695 785	3 942 462	-	-	36 638 247
8 123 999	Sanitation and Sewerage	3 231 101	32 695 785	3 942 462		-	36 638 247
-	Refuse		-	-		-	-
-	**HOUSING SERVICE**	-	-	-	-	-	-
-	Welfare		-	-	-	-	-
-	Individual Housing		-	-			-
5 180 700	**TRADING SERVICE**	5 943 500	47 811 222	3 902 496	-	-	51 713 718
4 796 296	Electricity	3 795 000	20 167 472	2 701 785			22 869 257
384 404	Water	2 148 500	25 751 195	1 200 711	-	-	26 951 906
	Holiday Resort		1 892 555	-			1 892 555
20 281 774	**TOTAL FIXED ASSETS**	12 114 601	140 220 739	15 015 540	-	-	155 236 279
16 831 945	**LESS : CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS**	-	134 754 130	14 458 338	-	-	149 212 468
-	Loans redeemed and advances repaid	-	4 052 622	-			4 052 622
-	Contributions from operating income	-	10 937 871	-			10 937 871
16 831 945	Grants and subsidies	-	118 118 829	14 458 338			132 577 167
-	Other	-	1 644 808	-			1 644 808
3 449 829	**NET FIXED ASSETS**	12 114 601	5 466 609	557 203	-	-	6 023 812

DIKGATLONG MUNICIPALITY
APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 R		Actual 2009 R	Budget 2009 R
	INCOME		
16 791 771	GRANTS AND SUBSIDIES	**21 193 641**	**22 193 641**
16 791 771	- Central Government	21 193 641	22 193 641
-	- Provincial	-	-
-	- Other grants	-	-
25 843 703	OPERATING INCOME	**24 934 709**	**27 313 705**
6 089 445	- Sale of water	5 531 721	5 899 000
7 210 939	- Sale of electricity	6 190 955	9 057 862
3 092 048	- Refuse removal	3 730 074	3 800 150
1 610 001	- Sanitation & Sewerage removal	1 935 330	1 960 000
183 368	- Licenses & Traffic	215 195	166 330
3 661 713	- Property Rates	4 303 205	4 359 625
216 650	- Housing income	360 802	230 000
1 855 851	- Interest earned	2 667 426	1 640 174
1 923 688	- Other income	229 133	200 564
42 635 474		46 357 483	49 507 346
	EXPENDITURE		
16 184 208	Salaries, wages and allowances	16 471 063	17 922 757
32 714 424	General expense	27 505 027	31 841 919
5 711 015	- Purchase of electricity	8 006 128	8 500 000
7 776 380	- Purchase of water	4 726 162	5 257 902
19 227 029	- Other general expenses	14 772 737	18 084 017
1 802 849	Repairs and maintenance	2 978 066	3 404 974
194 430	Capital charges	218 420	1 100 068
-	Contributions to fixed assets	-	-
-	Contributions to funds	274 628	-
50 895 911	**Gross expenditure**	47 447 205	54 269 718
-	Less : Amounts charge out	-	-
50 895 911	**Net expenditure**	47 447 204	54 269 718

DIKGATLONG MUNICIPALITY
APPENDIX E
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual income R	2008 Actual expenditure R	2008 Surplus (deficit) R		2009 Actual income R	2009 Actual expenditure R	2009 Surplus (Deficit) R	2009 Budget Surplus / (Deficit) R
29 118 440	**33 682 247**	**(4 563 808)**	**RATE AND GENERAL SERVICES**	**34 274 005**	**30 785 346**	**3 488 659**	**(1 759 871)**
24 404 222	**29 150 627**	**(4 746 405)**	**Community services**	**28 598 238**	**25 167 883**	**3 430 355**	**(1 457 102)**
20 456 509	15 298 296	5 158 213	Administration - Council	25 499 416	10 393 038	15 106 378	14 577 994
3 607 793	11 295 519	(7 687 726)	Administration - COE	2 714 854	11 794 832	(9 079 978)	(12 737 931)
26 207	1 032	25 176	Cemetery	26 942	33 280	(6 338)	(9 280)
0	193 428	(193 428)	IDP	0	207 563	(207 563)	(244 268)
183 368	90 328	93 039	Licences/Traffic	215 195	105 625	109 571	60 277
13 868	78 653	(64 785)	Municipal Building	24 500	86 731	(62 230)	(224 137)
108 428	937 245	(828 817)	Parks & Resorts	98 035	1 162 472	(1 064 437)	(1 148 745)
8 049	476 658	(468 609)	Work/Technical Services	19 295	531 917	(512 621)	(591 732)
0	779 468	(779 468)	Computers	0	852 426	(852 426)	(1 139 280)
0	0	0	Swimming Pool	0	0	0	0
12 168	**561 755**	**(549 587)**	**Subsidized services**	**10 363**	**950 728**	**(940 366)**	**(988 642)**
0	0	0	Environment and health	0	0	0	0
0	0	0	Fire brigade	0	0	0	0
12 168	561 755	(549 587)	Library	10 363	950 728	(940 366)	(988 642)
		0				0	
4 702 050	**3 969 866**	**732 184**	**Economic service**	**5 665 404**	**4 666 735**	**998 670**	**685 873**
1 610 001	2 721 825	(1 111 824)	Sanitation & Sewerage	1 935 330	3 370 201	(1 434 871)	(1 655 303)
3 092 048	1 248 041	1 844 007	Refuse Removal	3 730 074	1 296 533	2 433 541	2 341 176
216 650	**281 570**	**(64 920)**	**HOUSING SERVICE**	**360 802**	**294 546**	**66 256**	**(90 453)**
216 650	281 570	(64 920)	Housing	360 802	294 546	66 256	(90 453)
13 300 383	**16 932 093**	**(3 631 710)**	**TRADING SERVICE**	**11 722 676**	**16 367 313**	**(4 644 636)**	**(2 912 048)**
7 210 939	6 918 256	292 682	Electricity	6 190 955	9 095 392	(2 904 437)	(652 646)
6 089 445	10 013 837	(3 924 393)	Water	5 531 721	7 271 921	(1 740 200)	(2 259 402)
42 635 473	**50 895 911**	**(8 260 438)**	**TOTAL**	**46 357 483**	**47 447 204**	**(1 089 721)**	**(4 762 372)**
		0	Appropriations for this year (Refer to note 16)			814 586	
		(8 260 438)	**Net surplus / (deficit) for the year**			**(275 135)**	
		(18 577 658)	Accumulated surplus / (deficit) beginning of the year			(26 838 096)	
		0	**ACCUMULATED SURPLUS / (DEFICIT) END OF THE YEAR**			**(27 113 231)**	